



BY THE NUMBERS: SOCIAL SECURITY

Americans Understand Social Security Problem And Want Congress To Make It A Priority

SENIOR CITIZENS AND A MAJORITY OF AARP MEMBERS SUPPORT STRENGTHENING SOCIAL SECURITY AND CREATING PERSONAL ACCOUNTS

Ayres, McHenry & Associates Polled 800 Registered Voters Age 55 And Older. (Generations Together, "New Poll Raises Serious Questions About AARP's Opposition To Fixing Social Security," Press Release, 3/15/05)

- **55% Of Those Polled Were Members Of AARP.** (Ayres, McHenry & Associates Poll, 800 Registered Voters 55 And Older, Conducted 3/6-3/8, Margin Of Error +/- 3.46%)

66% Of Registered Voters 55 And Older Think "The Social Security System Is Not Financially Sound For Our Children And Grandchildren, And Needs Significant Changes." (Ayres, McHenry & Associates Poll, 800 Registered Voters 55 And Older, Conducted 3/6-3/8, Margin Of Error +/- 3.46%)

- **65% Of AARP Members Think "The Social Security System Is Not Financially Sound For Our Children And Grandchildren, And Needs Significant Changes."** (Ayres, McHenry & Associates Poll, 800 Registered Voters 55 And Older, Conducted 3/6-3/8, Margin Of Error +/- 3.46%)

60% Of Senior Voters Think It Would Cost More To Make Changes To Social Security Later Than To Make Changes Now. (Ayres, McHenry & Associates Poll, 800 Registered Voters 55 And Older, Conducted 3/6-3/8, Margin Of Error +/- 3.46%)

- **61% Of AARP Members Think It Would Cost More To Make Changes To Social Security Later Than To Make Changes Now.** (Ayres, McHenry & Associates Poll, 800 Registered Voters 55 And Older, Conducted 3/6-3/8, Margin Of Error +/- 3.46%)

Ayres, McHenry & Associates Poll Finds 59% Of Senior Voters Think Offering "Personal Retirement Account[s] To Workers Under The Age Of 55 Would Be A Good Idea." (Ayres, McHenry & Associates Poll, 800 Registered Voters 55 And Older, Conducted 3/6-3/8, Margin Of Error +/- 3.46%)

- **61% Of AARP Members Think Offering Personal Accounts To Younger Workers Is A Good.** (Ayres, McHenry & Associates Poll, 800 Registered Voters 55 And Older, Conducted 3/6-3/8, Margin Of Error +/- 3.46%)

AMERICANS AGREE THAT SOCIAL SECURITY NEEDS STRENGTHENING

In ABC/Washington Post Poll, 71% Of Americans Think "The Social Security System Is Heading For A Crisis ..." (ABC/Washington Post Poll, 1,001 Adults Nationwide, Conducted 3/10-3/13, Margin Of Error +/- 3%)

- **67% Of Those Who Think Social Security Is Heading For A Crisis Believe Social Security Needs "Major Changes."** (ABC/Washington Post Poll, 1,001 Adults Nationwide, Conducted 3/10-3/13, Margin Of Error +/- 3%)

A Quinnipiac Poll Of 1,523 Registered Voters Finds 68% Of All Registered Voters View Social Security As Either In "Crisis" Or Having "Major Problems." (Quinnipiac University Poll: "Social Security Generation Gap," 1,534 Registered Voters, Conducted 3/2-3/7, Margin Of Error +/- 2.5%)

- **75% Of Republicans, 63% Of Democrats, And 68% Of Independents Surveyed Think Social Security System Is In A State Of "Crisis" Or Has "Major Problems"** (Quinnipiac University Poll: "Social Security Generation Gap," 1,534 Registered Voters, Conducted 3/2-3/7, Margin Of Error +/- 2.5%)

The Tarrance Group and Public Opinion Strategies Poll Finds "Respondents Across The Entire Range Of Ages Concede And Readily Accept The Contention That There Are Significant Problems With Social Security." (Dave Sackett and Glen Bolger, Memo To National Republican Congressional Committee, 3/8/05)

- **"The Attendant Publicity About The Financial State Of Social Security Has Greatly Increased Concern Among Younger**

Voters That Social Security May Not Be There When They Retire ... (Dave Sackett and Glen Bolger, Memo To National Republican Congressional Committee, 3/8/05)

Zogby Poll Finds 44% Of Registered Voters Believe "Social Security Would Face A Crisis Within 20 Years, And 67 Percent Said It Would Come Within 40 Years." (U.S. Chamber Of Commerce, "Chamber: Poll Shows Support for Social Security Reform," Press Release, 3/14/05; Zogby Interactive Poll, 7,699 Registered Voters, Conducted 3/7-3/9, Margin Of Error +/- 1.1%)

AMERICANS WANT SOCIAL SECURITY TO BE A PRIORITY

The Latest Gallup Poll Shows That Americans Think Social Security Is Now The Most Important Domestic Issue. At 12%, Social Security has increased by 8 points since January and is a greater concern than the economy (10%), health care (9%), or terrorism (9%). (Gallup Poll, 1,004 Adults, Conducted 3/7-3/10 Margin Of Error +/- 3%)

A Harris Poll Shows Social Security As The Most Important Issue "For Government To Address." Harris poll found that 37% of Americans think Social Security is the most important issue for the government to address, an increase of 33 points from last October when just 4% thought it was the most important issue. (The Harris Poll, 1,012 Adults Nationwide, Conducted 2/8-2/13, Margin Of Error +/- 3%)

Recent Westhill Partners/Hotline Poll Finds Social Security Was The Most Important Issue For 10% Of Americans, Up 6 Points From January. (Westhill Partners/Hotline Poll, 800 Registered Voters, 2/24-2/27, Margin Of Error +/- 3.5%)

In A CBS/New York Times Poll, 55% Of Americans Agree "The Problems With The Social Security System [Are] So Serious They Must Be Fixed Right Now." (CBS/New York Times Poll, 1,111 Adults Nationwide, Conducted 2/24-2/28, Margin Of Error +/- 3%)

- **64% Of Americans Age 18-29 Believe "The Problems With The Social Security System [Are] So Serious They Need Be Fixed Now."** (CBS/New York Times Poll, 1,111 Adults Nationwide, Conducted 2/24-2/28, Margin Of Error +/- 3%)
- **Social Security Ranks As The Fourth Most Important Problem Facing The U.S. Today, Behind Economy/Jobs, War In Iraq And Terrorism.** (CBS/New York Times Poll, 1,111 Adults Nationwide, Conducted 2/24-2/28, Margin Of Error +/- 3%)

AMERICANS FAVOR PERSONAL RETIREMENT ACCOUNTS (PRAS)

ABC/Washington Post Poll Finds 56% Of Americans Support "Plan In Which People Who Chose To Could Invest Some Of Their Social Security Contributions In The Stock Market." (ABC/Washington Post Poll, 1,001 Adults Nationwide, Conducted 3/10-3/13, Margin Of Error +/- 3%)

- **68% Of Adults Aged 18 To 29 Support Allowing Workers To Invest Some Of Their Social Security Contributions, As Well As 60% Of Those Aged 40 To 49 And Even A Majority (53%) Of Workers Near Retirement (Ages 50 To 64).** (ABC/Washington Post Poll, 1,001 Adults Nationwide, Conducted 3/10-3/13, Margin Of Error +/- 3%)

Quinnipiac Poll Showed 59% Of Americans Age 18-40 Support "Allowing Individuals To Invest A Portion Of Their Social Security Taxes In The Stock Market." (Quinnipiac University Poll: "Social Security Generation Gap," 1,534 Registered Voters, Conducted 3/2-3/7, Margin Of Error +/- 2.5%)

The Tarrance Group and Public Opinion Strategies Poll Finds "The Written Description Of The Personal Retirement Account Proposal Creates Majority Support Among All Age Groups ..." (Dave Sackett and Glen Bolger, Memo To National Republican Congressional Committee, 3/8/05)

David Winston Memo To Republican Leaders: "Once The PRA Concept Is Explained With Even Minimal Detail ... 54% [Find] Bush's PRA's A Convincing Reason To Change Social Security ..." (David Winston, Memo To Republican Leaders, 3/3/05)

AMERICANS KNOW PRESIDENT BUSH IS WILLING TO WORK TO FIND BIPARTISAN SOLUTION

Liberal Democracy Corps "Asked People To Choose Between Bush And The Democrats On A Series Of Trust Statements Concerning Social Security." By A Margin Of 51% To 33%, Americans Believe President Bush Is More "Willing To Work With Both Political Parties To Find A Solution." (David Winston, Memo To Republican Leaders, 3/3/05)

- **"Democracy Corps Poll Finds That 50% Of Americans Believe, 'The Democrats Are Opposing Bush's Social Security Plan Just To Stop Bush And The Republicans.'"** (David Winston, Memo To Republican Leaders, 3/3/05)
- **Democracy Corps Poll Finds 46% Of Americans Believe "Bush And The Republicans Are Being Serious About How To Address The Social Security Challenges."** (Democracy Corps, 1,001 Likely Voters, Conducted 2/13-2/17, Margin Of Error +/- 3.1%)

Democracy Corps Poll Finds Only 41% Of Americans Believe "The Democrats Are Being Serious About How To Address The Social Security Challenges." (Democracy Corps, 1,001 Likely Voters, Conducted 2/13-2/17, Margin Of Error +/- 3.1%)



DEMOCRAT MYTHS ON PRESIDENT BUSH'S SOCIAL SECURITY PLAN

MYTH #1: PRAs Come With Massive Transition Costs

FACT: Are No Transition Costs Because PRAs Don't Add To Obligations – Merely Paying Debt Up Front, Which Saves Money In Long Run.

- ***The Washington Post*: “The Transition Borrowing Merely Swaps Government Debt To Future Retirees For Government Debt To Bondholders.”** (Editorial, “The Risks In Personal Accounts,” *The Washington Post*, 2/20/05)
- **Nobel Prize Winning Economist Milton Friedman: “There Are No Real Transition Costs ... Merely The Explicit Recognition Of Current Implicit Debt.”** (Milton Friedman, “Speaking The Truth About Social Security Reform,” Cato Institute, 4/12/99)
- **2004 Nobel Prize Winner For Economics, Edward Prescott: “There Are No Transition Costs ... Re-Labeling Debt Is Not A Cost.”** (Jeff Johnson, “Social Security ‘Transition Costs’ A Myth, Say Economists,” *Cybercast News Service*, 2/21/05)
- **PRAs “Do Not Represent” An Increase In Federal Obligations.** (“Strengthening Social Security For The 21st Century,” The White House, 2/05, p. 8)
- **PRAs Do Not Created New Costs, Simply Pay What Government Owes Earlier Rather Than Later.** PRAs “shift the timing of an already-existing Social Security cost, but they don’t create any new costs. ... They’re not creating a new cost, they’re simply moving in time when you pay that cost. You’re paying it now rather than you’re paying it later. ... In essence, it’s making you be honest in terms of accounting here in Washington, which might be a brand new concept, but it’s not changing the underlying debt structure.” (Michael Tanner, Remarks In Washington, DC, 2/23/05)
- **“Transition Costs” Like Paying Down Home Mortgage Loan, Credit Debt Right Away.** “[I]f you go out and refinance your mortgage, you have to pay points up front and that’s a cost. On the other hand, you save a lot of money, because you get that lower interest rate. ... [Or] you could just choose to make the minimum payments [on credit cards] for the rest of your life, but you would be much more prudent if you went out and paid those credit cards off today, even if it meant that you had to find a little extra money right now ...” (Michael Tanner, Remarks In Washington, DC, 2/23/05)
- **“[W]e’re Saving Money In The Long Term, Even Though We Need To Come Up With Some Additional Money In The Short Term.”** (Michael Tanner, Remarks In Washington, DC, 2/23/05)

MYTH #2: President Bush’s Plan Would Increase Debt By \$4.9 Trillion Over 20 Years.

FACT: Cost Of Doing Nothing Is Far Greater; Deficit Still Cut In Half If Debt Brought Into Near Term.

- **According To The Social Security Trustees, As Of 2004, The Cost Of Doing Nothing Was An Estimated \$10.4 Trillion.** (“The 2004 Annual Report Of The Board Of Trustees Of The Federal Old-Age And Survivors Insurance And Disability Insurance Trust Funds,” Social Security Administration, 3/23/04)

- **Each Year We Wait Costs An Additional \$600 Billion.** ("The 2004 Annual Report Of The Board Of Trustees Of The Federal Old-Age And Survivors Insurance And Disability Insurance Trust Funds," Social Security Administration, 3/23/04)
- **Total Transition Costs For Phasing-In Of Plan Would Be \$754 Billion (Including Debt Service Effects) Through 2015.** (The White House, Office Of The Press Secretary, "Background Press Briefing On Social Security," Press Release, 2/2/05)
- **President Still On Track To Cut Deficit In Half By 2009 With Transition Financing Taken Into Account.** (The White House, Office Of The Press Secretary, "Press Briefing On Fiscal Year 2006 Budget By OMB Director Joshua Bolten," Press Release, 2/7/05)
- **\$4.9 Trillion Number Comes From Democrat Campaign Operative.** The report from which Democrats get the \$4.9 trillion number was co-written by Jason Furman. Furman, now at the "the liberal think tank Center on Budget and Policy Priorities" has worked for President Clinton, Vice President Gore, General Wesley Clark, and was Director Of Economic Policy for the John Kerry campaign. (Center On Budget And Policy Priorities Website, "An Overview Of Issues Raised By The Administration's Social Security Plan," <http://www.cbpp.org/2-2-05socsec4.htm>, Accessed 2/15/05; Tamara Lytle, "Reforming Retirement System Poses Pitfalls," *Orlando Sentinel*, 2/3/05; Kerry Campaign, "John Kerry Announces All-Star Additions To Campaign Leadership Team," Press Release, 4/16/04; "Brookings Briefing: The 2004 Campaign; Assessing The Merits And Costs Of The Candidates' Domestic Agendas," Brookings Institute, 6/23/04)

MYTH #3: President Bush's Plan Would Cut Benefits Whether Or Not Workers Chose PRAs.

FACT: Benefits Would Be Cut By 27 Percent If Nothing Were Done; Opponents Ignore Gains Made By PRAs.

- **Real Cost Is Doing Nothing: Benefits Would Be Cut 27 Percent By 2042 If Nothing Were Done.** If you are 25 in 2005, when you are 63 in 2042, your benefits would be cut by 27 percent and would be reduced every year after that. (Social Security Administration Website, "Frequently Asked Questions About Social Security," <http://www.ssa.gov/qa.htm>, Accessed 1/12/05)
- **Opponents Ignore Amount Saved In PRAs.** Opponents ignore "the money saved and invested in personal accounts. ... This analysis assumes that the money that goes into the PRAs would just disappear and that none of it would be available to pay Social Security benefits in the future." (David C. John and Keith Miller, "Would Social Security Reform Lead To A 40 Percent Cut In Benefits?" The Heritage Foundation, 2/4/05)
- **Opponents Are Speculating On President's Plan – Price Indexing Is Not In Plan President Laid Out In State Of The Union Address.** ("Strengthening Social Security For The 21st Century," The White House, 2/05)
- **Even If Plan Includes Price-Indexing Benefit "Freeze" Not To Occur For 70 Years.** (CNN's "The Morning Grind," 2/18/05)

MYTH #4: Social Security's Problems Are A Result Of The President's Tax Cuts.

FACT: Social Security Is In Trouble Because Of Demographics.

- **Federal Reserve Chairman Alan Greenspan: "[W]e Have 3.3 Workers For Of Retiree And That Number Is Falling Quickly. So The Current System Is Ill Suited To The Demographics That We're Looking Forward In, What We're Expecting To Evolve In The Future."** (Federal Reserve Chairman Alan Greenspan, Committee On Banking, Housing, And Urban Affairs, U.S. Senate, Testimony, 2/16/05)
- **In 1950, There Were 16 Workers To Support Every One Social Security Beneficiary.** ("Strengthening Social Security For The 21st Century," The White House, 2/05, p. 2)
- **3.3 Workers Support Each Beneficiary Today.** ("Strengthening Social Security For The 21st Century," The White House, 2/05, p. 2)
- **When Youngest Workers Turn 65, Only Two Workers Will Support Each Beneficiary.** ("Strengthening Social Security For The 21st Century," The White House, 2/05, p. 2)

- **Tax Cuts Accounted For Only 28 Percent In Change In Surplus/Deficit Since 2001.** Economic downturn and Defense/Homeland spending are responsible for 59 percent of the change. ("President Bush's 2006 Budget," Majority Staff, Committee On The Budget, U.S. Senate, 2/7/05)

MYTH #5: President Bush's Plan Would Privatize Social Security.

FACT: Plan Would Be Controlled By Administrative Structure.

- **Under President Bush's Plan, Social Security Would Still Be Administered By Government Entity.** A "centralized, administrative structure" would collect contributions, maintain records, and facilitate withdrawals at retirement. ("Strengthening Social Security For The 21st Century," The White House, 2/05, p. 6)
- Late Senator Daniel Patrick Moynihan (D-NY): "Privatization" Is "Scare Word." **"This is not privatization. ... I want to say [that is] not a proper characterization. That's a scare word."** (Sen. Daniel Patrick Moynihan, Press Conference, 2/4/00)
- President Bush Has Said Using The Term Privatization To Describe His Social Security Plan Is "Not True." **"I would call it personal retirement accounts is the proper terminology, because it basically means you own it. See, privatization says the whole scene changes. It's not true."** (President Bush, Remarks At A Conversation On Social Security," Great Falls, MT, 2/3/05)
- Vice President Cheney: "[T]hat The System Is Going To Be Quote 'Privatized' Is Just Not True. It's Wrong. It's A Distortion." (Vice President Cheney, Remarks At A Campaign Event, Cincinnati, OH, 10/19/04)

MYTH #6: Social Security Is Not In Trouble.

FACT: Social Security Is Heading Toward Bankruptcy; Benefit Cuts, Tax Increases Are Only Alternatives To Reform.

- **"In 13 Years, The Social Security System Begins Paying Out More Money Than It Takes In. This Presents A Choice Of Raising Taxes, Borrowing Money Or Cutting Spending."** (Allan B. Hubbard, Letter To The Editor, *New York Times*, 2/25/05)
- **Social Security Will Be Bankrupt In 2042, Meaning It Will Have Insufficient Funds To Cover Its Debts.** (The White House, Office Of The Press Secretary, "Three Questions About Social Security," Press Release, 2/4/05)
- **In 2042, "For Every Beneficiary, There Would Be Two Workers, Who Would Generate Nearly \$960 Billion Less In Taxes Than Are Promised In Benefits."** (Jim VandeHei and Jonathan Weisman, "Partisan Social Security Claims Questioned," *The Washington Post*, 2/27/05)
- **"At Its Heart, Social Security's Future Financial Shortfall Is A Basic Math Problem: The Benefits Owed Over The Next 75 Years Are \$3.7 Trillion Greater Than What It Will Have Collected To Make Those Payments."** (Jonathan Weisman, "Competing Visions For Social Security," *The Washington Post*, 2/23/05)
- **If Social Security Were Not Reformed, Benefits Would Have To Be Cut, Payroll Taxes Increased, Massive Transfers From General Revenues Would Have To Be Made.** (Social Security Administration Website, "Frequently Asked Questions About Social Security," <http://www.ssa.gov/qa.htm>, Accessed 2/15/05)

- **If Nothing Is Done, Today's 30-Year-Old Would Get A 27% Benefit Cut From The Current System When He Or She Reaches Normal Retirement Age.** ("Strengthening Social Security For The 21st Century," The White House, 2/05, p. 2)
- **Payroll Taxes Would Need To Be Increased By 3.1 Percentage Points By 2042 (5.9 Percentage Points By 2078) To Cover Projected Shortfall.** (Social Security Administration Website, "Frequently Asked Questions About Social Security," <http://www.ssa.gov/qa.htm>, Accessed 2/15/05)
- **Social Security Trustee Thomas Saving: "By 2021, We'll Be Transferring A Little Over 5% Of All Federal Income Tax Revenues To Social Security."** (Sean Higgins, "Dems Deny Any Reason For Reform," *Investor's Business Daily*, 2/4/05)

MYTH #7: Investing In Market Would Be "Risky."

FACT: Money Would Be Invested In Diversified Funds; Liberal Group Admits 3 Percent Is Low Estimate For Growth.

- **"[P]ersonal Retirement Accounts Would Be Invested In A Conservative Mix Of Broadly Diversified Bond And Stock Funds."** (Cesar Conda, Op-Ed, "Personal-Account Myths," *National Review Online*, 2/9/05)
- **Workers Would Come Out Ahead If Accounts Had Real Rate Of Return Of More Than Three Percent.** (The White House, Office Of The Press Secretary, "Background Press Briefing On Social Security," Press Release, 2/2/05)
- **Liberal Group, Center For American Progress, Admits Average Historical Rate Of Return Is At Least 3 Percent.** (Christian E. Weller, "Social Security Privatization: The Retirement Savings Gamble," Center For American Progress, 2/05, p. 3)
- **The Washington Post: "Personal Accounts Would Boost Benefits For The Average Retiree" Because Real Rate Of Return Is Expected To Be 4.6 Percent.** (Editorial, "Mr. Bush's Personal Accounts," *The Washington Post*, 2/11/05)
- **Under Current Social Security System, "[Y]ounger Workers ... Can Expect, At Most, A 1.5 Percent Rate Of Return On Their Money, Many Of Them Will Actually Be Getting A Negative Rate Of Return ..."** (Michael Tanner, Remarks In Washington, DC, 2/23/05)
- **"[T]here's Never Been Even A 20-Year Period In U.S. History In Which You Would Have Lost Money In The Markets."** (Michael Tanner, Remarks In Washington, DC, 2/23/05)

MYTH #8: Personal Accounts Would Be A Boon To Wall Street.

FACT: Analysts Do Not Believe Wall Street Would Make Money; Administrative Fees Would Be Low.

- **Robert Bixby, Concord Coalition: "It Certainly Does Not Appear Something Wall Street Would Salivate Over In Terms Of Fees."** (Jim VandeHei and Jonathan Weisman, "Partisan Social Security Claims Questioned," *The Washington Post*, 2/27/05)
- **The Wall Street Journal's Alan Murray: Firms "Fooling Themselves" If They Assume Will Make Money Off Plan.** (Bisnow On Business Website, "The Politics Of Social Security," <http://www.bisnow.com/bisnow2004/050204.cfm>, Accessed 2/15/05)
- **"[T]he Type Of Private Social Security Accounts Being Proposed By President Bush Would Yield Very Little Profit To The Securities Industry ..."** (FactCheck.Org, "False Attacks Over 'Windfalls' To Wall Street," www.factcheck.org, 3/3/05)

- “[F]actcheck.Org Concludes That Wall Street Is Likely To Squeeze Out Very Little Profit In Private Accounts As Currently Described By The Bush Administration.” (FactCheck.Org, “False Attacks Over ‘Windfalls’ To Wall Street,” www.factcheck.org, 3/3/05)
- **Would Not Mean Windfall For Private Firms Because Accounts Would Be Administered By Government And Invested In Only A Handful Of Index Funds.** “Bush is explicitly proposing accounts that would be administered by the federal government, and which would offer only a handful of passively managed ‘index’ funds, similar to the Federal Thrift Savings Plan.” (FactCheck.Org, “False Attacks Over ‘Windfalls’ To Wall Street,” www.factcheck.org, 3/3/05)
- **Social Security Administration’s Actuaries Project Ongoing Administrative Costs Would Be About 30 Basis Points Or 0.3 Percentage Points.** (“Strengthening Social Security For The 21st Century,” The White House, 2/05, p. 7)
- **Majority Of Costs Are For Recordkeeping Done By Government, Not Management By Wall Street.** (“Strengthening Social Security For The 21st Century,” The White House, 2/05, p. 7)

MYTH #9: President Bush’s Plan Would Include A “Claw Back.”

FACT: Workers Would Keep All Gains From PRAs So President’s Plan Does Not Include “Claw Back.”

- **“Claw Back”: Better Account Does, Less You Get From Government.** “A ‘claw back’ is typically a feature of a plan where the government guarantees a certain combined benefit from the traditional system and the personal account. Under such a plan, the better your account does, the less you get from the government. Therefore, the gains in the accounts are ‘clawed back.’” (The White House, Office Of The Press Secretary, “Setting The Record Straight,” Press Release, 2/3/05)
- **In President’s Plan, Worker Would Get All Gains From Account – Amount Received Would Not Be Reduced If Account Does Well.** (The White House, Office Of The Press Secretary, “Setting The Record Straight,” Press Release, 2/3/05)

MYTH #10: Social Security Can Be Saved By Making “Small” Adjustments In Tax Rates, Higher Economic Growth.

FACT: Tax Increases Have Been Tried Before; Social Security’s Status Not Improved By Economic Growth.

- **We Can’t Tax Way Out Of Problem – Payroll Taxes Have Been Increased More Than 20 Times. The payroll tax started at 2% and is now 12.4%.** (“Strengthening Social Security For The 21st Century,” The White House, 2/05, p. 3)
- **Social Security’s Costs Rising Faster Than Tax Base – Next Generation Will Have To Raise Taxes Too.** (The White House, Office Of The Press Secretary, “Background Briefing On Social Security,” Press Release, 2/2/05)
- **FactCheck.Org: “The ‘Moderate Changes’ Argument Is Made Fairly Often, Mainly By Opponents Of Individual Social Security Accounts.”** (FactCheck.Org Website, “AARP Says Social Security Needs ‘Moderate’ Changes,” www.factcheck.org, 3/8/05)
- **According To FactCheck.Org: “‘75-Year Fixes’ Actually Come Undone Within A Few Years, Just Like The 1983 Package Of Tax Increases And Benefit Cuts That Was Supposed To Solve The System’s Financing Problems, But Didn’t.”** (FactCheck.Org Website, “AARP Says Social Security Needs ‘Moderate’ Changes,” www.factcheck.org, 3/8/05)

- **In 1983 “A Bipartisan Compromise Raised Taxes And Made Other Changes That Put The System In Balance For The 75 Years Following - But Not Permanently.”** (FactCheck.Org Website, “AARP Says Social Security Needs ‘Moderate’ Changes,” www.factcheck.org, 3/8/05)
- **Economic Growth Won’t Help Social Security Because Social Security Benefits Increase With Worker Earnings.** (The White House, Office Of The Press Secretary, “Three Questions About Social Security,” Press Release, 2/4/05)

MYTH #11: Retirees Would Not Be Able Pass PRAs On To Their Heirs Because There Would Be Little Left Over.

FACT: PRAs Would Help Close Wealth Gap Because Workers Would Pass On All Money Not Annuitized.

- **PRAs Could Be Passed On To “Loved Ones.”** (“Strengthening Social Security For The 21st Century,” The White House, 2/05, p.5)
- **Wealth Built Primarily Through Investment, Not Wages, So PRAs Would Help Close Wealth Gap By Bringing 50 Percent Of Americans Who Do Not Invest Into Market.** (Michael Tanner, Op-Ed, “Closing The Wealth Gap: Allow Social Security Investment,” Cato Institute, 2/7/03)
- **PRAs Would Help Solve Intergenerational Wealth Gap Because PRAs Can Be Passed On – Traditional Benefits Cannot.** (Michael Tanner, Op-Ed, “Closing The Wealth Gap: Allow Social Security Investment,” Cato Institute, 2/7/03)

MYTH #12: Government Would “Loan” Workers Money For Personal Accounts.

FACT: Workers Would Use Own Money To Invest – This Is Not A “Loan” But An “Opportunity Cost.”

- **Workers Invest Own Money; Money Paid In Payroll Taxes Not Government’s To Loan.** (Donald Luskin, Op-Ed, “Loan Bull,” *National Review* Online, 2/4/05; “Strengthening Social Security For The 21st Century,” The White House, 2/05, p.5)
- **It’s Not A “Loan” But Could Be Called An “Opportunity Cost.”** (Donald Luskin, Op-Ed, “Loan Bull,” *National Review* Online, 2/4/05)

MYTH #13: Democrats Never Said Social Security Was In Crisis.

FACT: Democrats Referred To Social Security “Crisis” And Called Reform “Urgent” Or “Important” Priority.

- **President Clinton: “This Fiscal Crisis In Social Security Affects Every Generation.”** (President Bill Clinton, Remarks At Georgetown University On Social Security, Washington, DC, 2/9/98)
- **Sen. Dick Durbin (D-IL): “[D]ue To The Increasing Number Of ‘Baby Boomers’ Reaching Retirement Age, Social Security Will Be Unable To Pay Out Full Benefits ... But The Sooner Congress Acts To Avert This Crisis The Easier And Less Painful It Will Be.”** (Sen. Dick Durbin, “Reforming Social Security,” Press Release, 9/15/98)
- **Sen. Byron Dorgan (D-ND): “Fixing Social Security Is An Urgent Priority. It Ought To Be At The Top Of Both Parties’ Agendas.”** (Sen. Byron Dorgan, “Fixing Social Security Must Top Both Parties’ Agendas,” *Roll Call*, 12/6/99)
- **Sen. Hillary Clinton (D-NY): “The Future Of Social Security Is, Without A Doubt, One Of The Most Important Issues Facing Our Country And Facing Women In America Today.”** (Eun-Kyung Kim, “Mrs. Clinton Outlines Impact Of Social Security On Women,” *The Associated Press*, 1/23/99)

- **Democratic Leadership Council's Hyde Park Agreement Said Social Security Would Go "Bankrupt."** "[T]he costs of the big entitlements for the elderly – Social Security and Medicare – are growing at rates that will eventually bankrupt them and that could leave little to pay for everything else government does." (Democratic Leadership Council, "The Hyde Park Declaration: A Statement Of Principles And A Policy Agenda For The 21st Century," <http://www.ndol.org/print.cfm?contentid=1926>, 8/1/00)

MYTH #14: Democrats Never Supported Investing Social Security In Market.

FACT: Several Democrats Have Called For Private Investment Of Social Security.

- **Sen. Harry Reid (D-NV): "[M]ost Of Us Have No Problem With Taking A Small Amount Of The Social Security Proceeds And Putting It Into The Private Sector."** (Fox News' "Fox News Sunday," 2/14/99)
- **President Bill Clinton: "[Investing] Will Earn A Higher Return And Keep Social Security Sound For 55 Years."** (President Bill Clinton, State Of The Union, 1/19/99)
- **Sen. Kent Conrad (D-ND): "I Was At The Social Security Summit At The White House, Along With 40 Of My Colleagues, Republicans And Democrats. And There Was Virtual Unanimity Of Opinion That We Simply Have To Get A Higher Return From The Social Security Investments."** (Fox News' "Special Report," 1/20/99)
- **John Kerry (D-MA) And Evan Bayh (D-IN) Were Just Two Prominent Democrats That Signed The Hyde Park Agreement, Which Sought To "Create Retirement Savings Accounts To Enable Low-Income Americans To Save For Their Own Retirement."** (Democratic Leadership Council, "The Hyde Park Declaration: A Statement Of Principles And A Policy Agenda For The 21st Century," <http://www.ndol.org/print.cfm?contentid=1926>, 8/1/00)

MYTH #15: The Social Security Trust Fund Is A Financial Account At The U.S. Treasury.

FACT: The Social Security Trust Fund Is "An Accounting Fiction" That, Even AARP Admits, Does Not Guarantee Benefits.

- **Trust Fund Is Not An Asset, But A Promise Government Makes To Itself To Pay Future Benefits.** "[T]he Social Security trust fund is not available in terms of it being a real asset, in terms of being able to pay benefits, that in essence it's a government promise to itself that it will pay those benefits, which may be a legal obligation, but it is not an asset that's available to pay those benefits." (Michael Tanner, Remarks In Washington, DC, 2/23/05)
- **"To Redeem Those Bonds, The Government Will Have Three Choices: Raise Taxes, Cut Spending Or Borrow More Money. Those Are The Same Choices The Government Would Face Even If There Were No Trust Fund."** (Jim VandeHei and Jonathan Weisman, "Partisan Social Security Claims Questioned," *The Washington Post*, 2/27/05)
- **President Said "Simply Not True" Money Is Accumulating In Trust Fund.** "'Some in our country think that Social Security is a trust fund – in other words, there's a pile of money being accumulated. That's just simply not true,' Bush said ..." (David Sarasohn, Op-Ed, "Sen. Smith In Caucus With Conscience?" *The Sunday Oregonian*, 2/13/05)
- **Commentator Says Trust Fund Is "An Accounting Fiction."** "[T]he trust fund is an accounting fiction. Its assets are IOUs from the rest of the federal government. When 2018 rolls around, the government will have to find the money to pay off those IOUs. It will have to raise revenues or cut spending or borrow elsewhere to do that." (Ramesh Ponnuru, "An Idea Whose Time Has Come," *National Review*, 1/31/05)

MYTH #16: The President's Plan Threatens Benefits For Today's Retirees, And Disabled Workers, And Survivors; President May Cut Benefits For Survivors And Disabled Workers.

FACT: Plan Does Not Address Survivor, Disability Benefits; PRAs Would Be More Beneficial For Survivors.

- **Cato Institute's Michael Tanner: "The President Has Said That Survivors And Disability Benefits Would Remain Untouched, That They Would Continue To Be Handled Exactly As They Are Today, Under Any Reform Plan."** (Michael Tanner, Remarks In Washington, DC, 2/23/05)
- **President Bush: "The Plan Is Only Addressed To The Retirees, Not To The Disabled And Survivor Benefits. In Other Words, We're Focused On The Retirement Aspect Of Social Security."** (President George W. Bush, Remarks At BTI Center For The Performing Arts, Raleigh, NC, 2/10/05)
- **Former Congressman Tim Penny (D-MN) Said Plan Would Protect Disability Benefits.** "I have two younger brothers who are disabled and they get disability assistance, and we're going to protect that program for those people that need the program. So that's a separate issue." (Former Congressman Timothy Penny, Remarks At Pan Am Hangar, Portsmouth, N.H., 2/16/05)
- **Personal Retirement Accounts Would Be "Particularly Beneficial" To Widowers, Other Survivors.** "Permitting individuals to pass on their personal retirement accounts to loved ones will be particularly beneficial to widows, widowers, and other survivors. According to the non-partisan analysis by the Social Security Administration's Office of Retirement Policy, the ability to inherit personal accounts provides the largest gains to widows and other survivors." ("Strengthening Social Security For The 21st Century," The White House, 2/05, p. 5)
- **Administration Believes Social Security Forms "Critical Foundation Of Income" For Disabled Workers.** (White House Website, "Strengthening Social Security for Future Generations," <http://www.whitehouse.gov>, Accessed 2/24/05)

MYTH #17: PRAs Won't Solve The Social Security Funding Problem.

FACT: PRAs, By Themselves, Won't Solve The Problem, But Will Help Mitigate It By Prefunding Social Security's Debt To American Workers.

- **President's Social Security Commission Said PRAs Could Make Some Impact On Unfunded Liability – Estimated Option Diverting Two Percent Of Payroll Taxes Would Reduce Unfunded Liabilities By About Eight Percent.** "Individual accounts have some impact on the unfunded liabilities of Social Security and the larger the individual account, the more impact they have. If you go back to commission model one, back when the president had that bipartisan commission, the Moynihan-Parsons commission, they came out with three different models. ... It, I believe, reduced the unfunded obligations to Social Security by 8 percent or so, so you have some small change in the unfunded obligations in Social Security by creating individual accounts." (Michael Tanner, Remarks In Washington, DC, 2/23/05)
- **PRAs "Help, But They Are Not Magic."** (Michael Tanner, Remarks In Washington, DC, 2/23/05)
- **Rick Santorum: PRAs "Give Us The Ability To Have Higher Benefits Without Tax Increases In The Future Because You Pre-Fund The Liability And Let The Miracle Of Compound Interest Solve That Problem ..."** (NBC's "Meet The Press," 2/27/05)

MYTH #18: PRAs Do Nothing To Help National Savings Rate.

FACT: According To Federal Reserve Chairman Alan Greenspan, PRAs Will Do More Than Current System To Help Savings Rate.

- Federal Reserve Chairman Greenspan: “Unfortunately, The Current Social Security System Has Not Proven A Reliable Vehicle For Such Saving.” (Federal Reserve Chairman Alan Greenspan, Committee On The Budget, U.S. House Of Representatives, Testimony, 3/2/05)
- **Greenspan Claims Personal Accounts A More “Credible Means” Of Adding To National Savings.** “In my view, a retirement system with a significant personal accounts component would provide a more credible means of ensuring that the program actually adds to overall saving and, in turn, boosts the nation’s capital stock. The reason is that money allocated to the personal accounts would no longer be available to fund other government activities and – barring an offsetting reduction in private saving outside the new accounts – would, in effect, be reserved for future consumption needs.” (Federal Reserve Chairman Alan Greenspan, Committee On The Budget, U.S. House Of Representatives, Testimony, 3/2/05)

MYTH #19: President’s Social Security Plan Will Hurt Americans In Their Late Teens And Twenties.

FACT: Democrats’ Do-Nothing Approach Would Devastate Young Americans.

- **Younger Workers “Gambling” On Future Congresses, Which Are Sure To Cut Benefits (If Nothing Is Done) Since Full Benefits Can’t Be Paid Under Current System.** Cato Institute’s Michael Tanner: “[T]he Social Security system we have today cannot pay the promised level of Social Security benefits in the future. ... [W]hat this means is that Congress is free to change your benefits, reduce your benefits, take your benefits away at any time it chooses. ... And for a younger worker, for someone in their 20s and 30s right now, they are, in effect, gambling on what will a future president and a future Congress, 30 or 40 years from now, decide that it wants to give them in terms of retirement benefits. That is certainly a political risk, because they are gambling on what that Congress will decide to do ... [W]hatever benefits that are promised under the current system, they simply cannot be paid. As a result, they will almost certainly be reduced.” (Michael Tanner, Remarks In Washington, DC, 2/23/05)
- **If You Were Born In 1975:**
 - **In 2042, When You Retire At The Age Of 67, Your Scheduled Benefits Will Be Cut By 18%.**
 - **In 2055, At The Age Of 80, Your Scheduled Benefits Will Be Cut By 28%.**
- **If You Were Born In 1980:**
 - **In 2047, When You Retire At The Age Of 67, Your Scheduled Benefits Will Be Cut By 27%.**
 - **In 2055, At The Age Of 75, Your Scheduled Benefits Will Be Cut By 28%.**

Myth #20: PRAs Are Not At All Like Thrift Savings Plan.

Fact #20: Nature Of Investment Opportunities Same Under TSP And PRAs.

- **The Thrift Savings Plan Is In Addition To Social Security, But “Nature Of Investment Opportunities” Are Similar Under Both Plans.** Rep. McKinney: “The Thrift Savings Plan is in addition to the Social Security.” Sec. Snow: “Yeah.” Rep. McKinney: “What you’re proposing is instead of.” Sec. Snow: “Yeah, but you were asking me the nature of these investment opportunities, and the nature of the investment opportunities would be the same sort of safe and secure investment opportunity that you have through your savings plan.” (Committee On The Budget, U.S. House Of Representative, Hearing, 2/9/05)
- **Workers Who Participate In PRAs Would Choose From Limited Investment Options.** “[P]ersonal retirement accounts could be invested in a safe government securities fund; an investment-grade corporate bond index fund; a small-cap stock index fund; a large-cap stock index fund; and an international stock index fund. In addition ... workers could choose a government bond fund with a guaranteed rate of return above inflation.” (“Strengthening Social Security For The 21st Century,” The White House, 2/05, p. 7)
- **Thrifts Savings Plan Allows Participants To Invest In Five Different Funds.** Participants “can invest any portion of [their] account in the five TSP investment funds: Government Securities Investment (G) Fund, Fixed Income Index Investment (F) Fund, Common Stock Index Investment (C) Fund, Small Capitalization Stock Index Investment (S) Fund, [or] International Stock Index Investment (I) Fund.” (Thrift Savings Plan Website, “Your Investment Options,” <http://www.tsp.gov/features/chapter07.html>, Accessed 3/8/05)
- **“Similar To The TSP, Private Investment Managers Would Be Chosen Through A Competitive Bidding Process To Manage The Pooled Account Contributions.”** (“Strengthening Social Security For The 21st Century,” The White House, 2/05, p. 6)